

23 May 1945

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RECOMMEND TO: Sidney C. Souers, Executive Secretary  
National Security Council

FROM: Directors: Allen W. Dulles  
Lyndas P. Correa  
William H. Jackson

SUBJECT: Interim Report No. 2: Relations between Secret  
Operations and Secret Intelligence

In connection with our study of the intelligence operations of the Government, particularly those of CIA, we have been informed that a plan for developing certain other covert operations is being submitted to the NSC. As we understand it, such operations would be directed particularly towards affording encouragement to the freedom-loving elements in those countries which have been overrun by Communism and toward combating by covert means the spread of Communist influence.

We understand that it is suggested that a Director of Special Studies, to be nominated by the Secretary of State, and appointed by the NSC, with a staff of nine members assigned from the Department of State, the armed services and CIA, be given the responsibility to develop and give general direction to a program of covert operations as indicated above, including work in the covert psychological field, which under NSC 42 has already been initiated in CIA.

The question of policy involved in these measures is not directly within our terms of reference. However, these projects have an important bearing on the future of the intelligence operations of CIA.

end, for this reason, we feel justified in commenting on this phase of the subject.

We suggest, in particular, that further attention should be given to the cases for the carrying out of the special operations contemplated and the relation between these operations and the proper conduct of secret intelligence.

A central planning and coordinating staff, as proposed in the new plan, is essential, but the centralized control of operations is equally important. In this delicate field, actual control must be exercised by the Director, who should be in intimate touch not only with plans and policies but also with the details of the operations. We do not believe that these types of operation can be "farmed" out to various existing agencies of the Government without jeopardizing their effectiveness and involving serious security risks. In particular, it would be dangerous to have several unrelated and uncorrelated clandestine operations carried out in such sensitive areas.

There would be duplication of effort, crossing of wires in the use of clandestine agents, and serious risk for the chains and agents used in the respective operations. In our opinion, the Director and staff, if removed from actual operations, as apparently contemplated under the proposed NSC directive, would not be able to control this situation.

In carrying out these special operations, the Director and his staff should have intimate knowledge of what is being done in the field of secret intelligence and access to all the facilities which may be

built up through a properly constituted secret intelligence network. Secret operations, particularly through support of resistance groups, provide one of the most important sources of secret intelligence, and the information gained from secret intelligence must immediately be put to use in guiding and directing secret operations. In many cases it is necessary to determine whether a particular agent or chain should primarily be used for secret intelligence or for secret operations, because the attempt to press both uses may endanger the security of each.

The special operations contemplated will require a staff operating abroad both under <sup>the</sup> cover, as in the case of secret intelligence. Unless the personnel for both operations is under one overall control in Washington, even though a measure of insulation is provided in the field, there is likely to be overlapping of activities and functions in critical areas which will imperil security.

The Allied experience in the carrying out of secret operations and secret intelligence during the last war has pointed up the close relationship of the two activities. <sup>for example, who</sup> had separate systems during the war, have now come around to the view that secret intelligence and secret operations should be carried out under a single operational head and have reorganized their services accordingly.

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to recommend:

2. That a Director, subject to appropriate policy guidance as suggested in the proposed NSC directive, should be made responsible for all forms of covert activities, including secret intelligence, secret operations, clandestine psychological work and such other covert operations as may be assigned to the Director by the NSC.
2. That each branch of these covert activities should be under a chief reporting to the Director.
3. That the Director should be immediately responsible to the NSC or to the Director of CIA as the NSC might determine.

\* \* \*

The practical effect of the decision reached under point 3 would be to determine whether CIA should continue to be charged with the collection of secret intelligence. It would, in any case, continue to be the recipient of all intelligence collected by the Director of Special Studies, and even if secret intelligence were removed from its control, CIA might be used as a "cover" agency for the new operations.

It had been our intention to reserve for our final report our recommendations as to whether the collection of secret intelligence should or should not continue to be a function of the CIA, as we had wished to complete our survey of the entire intelligence setting before dealing with this key question.

However, if the NSC should now determine that a program of secret operations is to be undertaken, and desires any further views

from us as to how this would affect the handling of secret intelligence, we shall be glad to submit a report on this subject.

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COMINT  
TECHNICAL  
DIVISION  
15 SEP 1948

**TRANSCRIBED PAGES FOLLOW**

13 May 1948

MEMORANDUM TO: Sidney W. Souers, Executive Secretary  
National Security Council

FROM: Messrs. Allen W. Dulles  
Mathias F. Correa  
William M. Jackson

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The question of policy involved in these measures is not directly within our terms of reference. However, these projects have an important bearing on the future of the intelligence operations of CIA,

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# **REPORTS: HOOVER COMMISSION**